

From: "ed aycock" <ed@ncbankers.org> on 03/16/2004 05:41:07 PM
Subject: Regulation BB - Community Reinvestment Act

NORTH CAROLINABANKERS ASSOCIATION

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March 16, 2004

Jennifer J. Johnson, Secretary

Board of Governors of the Federal Reserve System

20th Streetand Constitution Avenue, NW

Washington, DC20551

Re: Docket No. R-1181

Dear Ms. Johnson:

The North Carolina Bankers Association (NCBA), a trade organization representing all banks and savings institutions headquartered or doing business in North Carolina, appreciates the opportunity to comment with respect to the Agencies' proposal to amend their CRA regulations.

The NCBA strongly supports the expansion of the number of banks and savings institutions that are examined pursuant to the small institution Community Reinvestment Act requirements. We commend the Agencies' recognition that the CRA regulations need to be updated in a manner that results in a meaningful reduction of regulatory burden on small institutions. To increase the asset threshold for what constitutes a "small institution" for CRA purposes to \$500 million, or preferably \$1 billion, would clearly be a positive step toward reducing regulatory burden without diminishing the purpose for which the Community Reinvestment Act was enacted in 1977. Since the CRA regulations were revised in 1995, small banks and savings institutions have become subject to significant new regulatory requirements while continuing to provide quality financial services to the communities they serve. Economic conditions have also changed since 1995. Today, increasing the asset threshold for small institutions to \$500 million would reduce the amount of total industry assets subject to the CRA test for large institutions by less than one percent. Raising the threshold to \$1 billion would result in a reduction of only four percent. To increase the asset threshold to the higher amount would effectively address current circumstances as well as anticipated industry growth.

The NCBA also supports the proposal to eliminate any consideration of whether a small institution is owned by a holding company. The current holding company qualification places small community institutions that are held by a larger holding company at a disadvantage to their peers. Such qualification has no legal basis in the Community Reinvestment Act and should be eliminated.

The North Carolina Bankers Association appreciates the opportunity to comment regarding this important issue and urges the Agencies to adopt the recommended CRA amendments. If you require additional information or have any questions, please contact the undersigned at 919/781-7979 or by e-mail at ed@ncbankers.org.

Sincerely,

Edmund D. Aycock

Senior Vice President

and Regulatory Counsel